

Message Text

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71

ACTION EB-07

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E.O. 11652: N/A

TAGS: EAIR, EIND, CA

SUBJ: AEROSPACE INDUSTRY: SMALL AIRCRAFT

REF: OTTAWA 4019

1. WORD OF USG INITIAL CONTACT WITH AMERICAN LIGHT AIRCRAFT MANUFACTURERS PERCOLATED BACK TO CANADA VERY QUICKLY AND HAS CREATED STIR IN LOCAL AEROSPACE INDUSTRY. PRATT WHITNEY, IN PARTICULAR, FEARS HARRISON WARNING WILL THREATEN POSSIBLE MTN ELIMINATION OF U.S. FIVE PERCENT AIRCRAFT PARTS DUTY TO WHICH IT ASSIGNS A HIGH PRIORITY. COMPANY HAS MOUNTED OFFENSIVE WITHIN DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE (ITC) TO REPUDIATE HARRISON REMARKS. NEW CHAIRMAN OF AIR INDUSTRIES ASSOCIATION OF CANADA--WHOM TCO SAW IN CALGARY NOVEMBER 2--SAID AIAC LIKELY TO TAKE FORMAL POSITION AGAINST PROTECTIONISM OF TYPE SUGGESTED BY HARRISON BECAUSE POSSIBLE U.S. REACTION TO SUCH MEASURES WOULD CREATE MANY PROBLEMS FOR INDUSTRY AS A WHOLE IN RELATION TO THE U.S. MARKET.

2. RESPONDING TO THESE PRESSURES, HARRISON'S IMMEDIATE SUPERIOR, A.G. CARR (DIRECTOR, AEROSPACE SYSTEMS DIRECTORATE), ORALLY ASSURED TCO VIA LONG DISTANCE PHONE NOVEMBER 2 THERE IS "NO VALIDITY WHATSOEVER IN ANY CLAIMS THAT THE GOC CONTEMPLATES AN 'EXPERIMENT' ALONG THE LINES UNDERTAKEN BY BRAZIL

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REGARDING THE SUPPLY OF GENERAL AVIATION PRODUCTS TO

THE CANADIAN DOMESTIC MARKET." TCO TOLD HIM HIS ASSURANCES WOULD BE DULY REPORTED AND MADE APPOINTMENT FOR FURTHER DISCUSSION THIS ISSUE NOVEMBER 12.

3. COMMENT: IT APPEARS NOW THAT HARRISON'S PUBLIC STATEMENT TO TCO REFLECTED AN ARGUMENT HE HAS BEEN MAKING INTERNALLY IN ITC WHICH HAS NOT TO DATE BEEN ACCEPTED FURTHER UP THE LINE. HIS PUBLIC STATEMENT MAY THUS HAVE BACKFIRED AS IT REVEALED LIKELY USG SENSITIVITY TO ISSUE. THIS ALONE SHOULD ASSURE EVEN MORE CAREFUL CONSIDERATION OF MATTER IN ITC AND OTHER AGENCIES THAN IT WOULD OTHERWISE GET. CONCEIVABLY PRATT WHITNEY ACTION MAY RESULT IN COMPLETE ABANDONMENT OF ANY THINKING ALONG HARRISON'S LINES FOR FORESEEABLE FUTURE. PRATT WHITNEY EXECUTIVE HAS TOLD TCO HE IS REMINDING ITC THAT COMPANY'S SHIPMENTS TO U.S. ARE WORTH FOUR TIMES U.S. GENERAL AVIATION EXPORTS TO CANADA.

4. EVEN THOUGH IT DOES NOT NOW APPEAR ANY GOC ACTION IS IMMINENT, WASHINGTON MAY FIND IT USEFUL TO KEEP IN CONTACT WITH LIGHT AIRCRAFT MANUFACTURERS REGARDING CANADIAN MARKET AND STIMULI WHICH MAY BE OFFERED THEM TO COMMENCE EVEN SPARE PARTS PRODUCTION IN CANADA. THEY SHOULD ALSO BE ADVISED OF CARR'S ASSURANCES, ALTHOUGH THIS MIGHT WELL AWAIT ANY FURTHER INFORMATION EMBASSY REPORTS AFTER NOVEMBER 12.

5. FYI. THERE ARE CONFLICTING ASSESSMENTS IN INDUSTRY RE HARRISON'S ABILITY AND POWER IN THE ITC BUREAUCRACY. SOME EXECUTIVES CHARACTERIZE HIM AS OF LIMITED STANDING. OTHERS SEE HIM AS EXTREMELY INFLUENTIAL AND THE PERSON WHO PUSHED THROUGH THE GOC DECISIONS ON THE LEARSTAR AND POSSIBLY THE DASH-7. AN AMERICAN AEROSPACE EXECUTIVE WHO HAS DEALT WITH ITC FOR SEVERAL YEARS HAS SUGGESTED HIS POWER IS STRONG AND BASED UPON LONG TENURE IN A SITUATION IN WHICH HIS SUPERIORS ARE RELATIVELY RECENT APPOINTEES. BE THAT AS IT MAY, HARRISON PLAYED A DOMINANT ROLE IN ALMOST ALL SEPTEMBER AIAC SESSIONS AND CONTINUALLY ARTICULATED GOC POLICY AND LIMITED OFFICIAL USE

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VIEWS TO INDUSTRY. SOME OF HIS SUPERIORS WERE PRESENT AND THEY LISTENED WITHOUT CORRECTION. LIKEWISE, THE AUDIENCES APPEARED TO FULLY ACCEPT HIS REMARKS AS BEING GOC VIEWS. HARRISON'S PERFORMANCE IN THE GENERAL AVIATION MEETING, WHERE HE WAS THE ONLY ITC REPRESENTATIVE, WAS COMPARABLE TO THAT IN THE OTHER SESSIONS.
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